



Creating the right formula
for **growth**



GUJARAT
FLUOROCHEMICALS
LIMITED



GROUP COMPANY

25th Annual Report 2011-12

Creating the right formula
for **growth**



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Gujarat Fluorochemicals Limited

GUJARAT FLUOROchemicals LIMITED

TWENTY-FIFTH ANNUAL GENERAL MEETING

Friday, the 27th July, 2012

at 3.30 p.m.

at

Survey No. 16/3, 26 & 27

Ranjitnagar 389 380

Taluka Ghoghamba

District Panchmahal

Gujarat

Request to Shareholders

1. Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as copies of the Report will not be distributed at the Meeting.
2. Kindly send all your transfer deeds together with Share Certificates for transfer of Shares to our Registrar and Share Transfer Agents at the following address :

Link Intime India Private Limited

B-102 & 103,

Shangrila Complex, First Floor,

Near Radhakrishna Char Rasta,

Akota, Vadodara - 390 020

3. Kindly notify change of your address and write only to the Registrar and Share Transfer Agents in respect of any matter connected with your Shares.

BOARD OF DIRECTORS

| | |
|------------------------|--|
| Shri D.K. Jain | <i>Director</i> |
| Shri Shailendra Swarup | <i>Director</i> |
| Shri Pavan Jain | <i>Director</i> |
| Shri Vivek Jain | <i>Managing Director</i> |
| Shri D.K. Sachdeva | <i>Whole-Time Director</i> |
| Shri J.S. Bedi | <i>Whole-Time Director</i> |
| Shri O.P. Lohia | <i>Director</i> |
| Dr. S. Rama Iyer | <i>Director</i> |
| Shri Deepak Asher | <i>Director and Group Head Corporate Finance</i> |
| Shri S.P. Jain | <i>Director</i> |
| Shri G. Arumugam | <i>Additional and Whole-time Director</i> |

Audit Committee

Shri D.K. Jain
Shri S.P. Jain
Shri Shailendra Swarup

Company Secretary

Shri B.V. Desai

Auditors

M/s. Patankar & Associates
Chartered Accountants

Bankers

| | |
|------------------------|---------------------------|
| Canara Bank | ICICI Bank Limited |
| Royal Bank of Scotland | Oriental Bank of Commerce |
| DBS Bank Ltd. | HDFC Bank Limited |
| BNP Paribas | Citi Bank N.A. |
| Axis Bank Limited | Yes Bank Limited |
| ING Vysya Bank Limited | |

Registered Office

Survey Number 16/3, 26 & 27,
Ranjitnagar 389 380
Taluka Ghoghamba,
District Panchmahal,
Gujarat.
Tel.: 02678-248 153

Corporate Office

ABS Towers, 2nd Floor,
Old Padra Road,
Vadodara 390 007,
Gujarat. 0265 - 6198111

PLANT LOCATION

Ranjitnagar Project

Survey No. 16/3, 26 & 27, Ranjitnagar 389 380, Taluka Ghoghama, District Panchmahal, Gujarat - State

Dahej Project

Plot No. 12A, GIDC Dahej Industrial Estate, Taluka Vagra, District Bharuch, Gujarat - State

GUJARAT FLUOROchemicals LIMITED

NOTICE

NOTICE is hereby given to the Members of **Gujarat Fluorochemicals Limited** that the **Twenty-Fifth Annual General Meeting** of the Company will be held at the Registered Office of the Company at S/No. 16/3, 26 & 27, Ranjitnagar 389 380, Taluka Ghoghamba, District Panchmahal, Gujarat, on Friday, the 27th July, 2012, at 03:30 pm, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended 31st March, 2012, the Balance Sheet as at that date, the report of the Auditors thereon and the report of the Board of Directors for the said year.
2. To note payment of interim dividend and declare final dividend for the year ended 31st March, 2012.
3. To appoint a Director in place of Shri DK Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Shailendra Swarup who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if, thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the remuneration of Shri Vivek Jain be and is hereby modified, with effect from 01st April, 2011, as given below, subject to all other terms of the resolution passed by the Members of the Company at their Twentieth Annual General Meeting held on 29th September, 2007, approving remuneration payable to Shri Vivek Jain, remaining unaltered:

COMMISSION:

Commission payable to Shri Vivek Jain with effect from 01st April, 2011 shall be four per cent of the net profits of the Company per annum or pro-rata for part of the year subject to a maximum limit of Rs 5 crores per annum or pro-rata for the part of the year.

All other terms of the resolution passed by the Members of the Company at their Twentieth Annual General Meeting held on 29th September, 2007, approving remuneration payable to Shri Vivek Jain, remaining unaltered."

7. To consider and, if, thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 including amendment thereto or re-enactment thereof ("Act") read with Schedule XIII to Act, Shri Vivek Jain be re-appointed, as Managing Director of the Company for a further period of five years commencing from 01st January, 2013 on such terms and conditions including remuneration and minimum remuneration as set out below, with the authority to the Board of Directors to grant increments within the range stated below:

Remuneration: Basic pay in the grade of Rs 300000 – 50000 – 500000 per month.

In addition to remuneration within the above range, Shri Vivek Jain would also be entitled to the Company car with driver, telephone facility, furnished Company owned or leased furnished accommodation with all facilities, contribution to provident fund and other perquisites including medical expenses reimbursement and leave travel concession as per the rules of the Company. Use of Car and telephone for the Company's business will not be considered as perquisites. All the perquisites and benefits are to be evaluated as per the Income Tax Rules, 1961.

Leave encashment payable in addition to the above remuneration as per the rules of the Company.

Gratuity payable in addition to the above remuneration at the rate of half month's salary for each completed year of service.

COMMISSION

Equivalent to four per cent of the net profits of the Company per annum, or pro-rata for a part of the year subject to a maximum limit of Rs. 5 Crores per annum or pro-rata for the part of the year.

However, the overall remuneration to Shri Vivek Jain shall not exceed the limits prescribed under Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

8. To consider and, if, thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Company do ratify / approve the revision in remuneration paid / payable to Shri Dinesh Kumar Sachdeva for the period from 29th November, 2011 to 28th November 2012 from Rs. 42 Lacs per annum to an amount not exceeding Rs. 45 Lacs per annum and other benefits such as earned / privileged leave, gratuity, leave encashment, contribution to provident fund, housing accommodation, provision of Company's car and use of telephone at the residence for official purposes as per the rules of the Company, as may be approved by the Managing Director of the Company.

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 including amendment thereto or re-enactment thereof ("Act") read with Schedule XIII to Act, Shri Dinesh Kumar Sachdeva be re-appointed, as a Whole-time Director of the Company for a further period of one year commencing from 29th November, 2012 on such terms and conditions including remuneration as set out below, with the authority to the Board of Directors / Managing Director to grant increments within the range stated below:

Remuneration: Remuneration of upto Rs 50 lakhs per annum.

The aforesaid remuneration is to be bifurcated by way of salary, allowances, performance pay and perquisites as per the rules and regulations of the Company for the time being in force and as determined by the Managing Director of the Company.

In addition to remuneration within the above range, Shri Dinesh Kumar Sachdeva would also be entitled to the Company car with driver, telephone facility, furnished Company owned or leased accommodation. Use of Car and telephone for the Company's business will not be considered as perquisites. All the perquisites and benefits are to be evaluated as per the Income Tax Rules, 1961.

However, the overall remuneration to Shri Dinesh Kumar Sachdeva shall not exceed the limits prescribed under Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

9. To consider and, if, thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT the Company do ratify / approve the revision in remuneration paid / payable to Shri J S Bedi for the period from 1st December, 2011 to 30th November, 2012 from Rs. 52 Lacs per annum to an amount not exceeding Rs. 60 Lacs per annum and other benefits such as earned / privileged leave, gratuity, leave encashment, contribution to provident fund, provision of Company's car and use of telephone at the residence for official purposes as per the rules of the Company, as may be approved by the Managing Director of the Company.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 including amendment thereto or re-enactment thereof ("Act") read with Schedule XIII to Act, Shri JS Bedi be re-appointed as Whole-time Director of the Company for a further period of one year commencing from 1st December, 2012 on such terms and conditions including remuneration as set out below, with the authority to the Board of Directors / Managing Director to grant increments within the range stated below:

Remuneration: Remuneration of up to Rs 70 lakhs per annum.

The aforesaid remuneration is to be bifurcated by way of salary, allowances, performance pay and perquisites as per the rules and regulations of the Company for the time being in force and as determined by the Managing Director of the Company.

In addition to remuneration within the above range, Shri JS Bedi would also be entitled to the Company car with driver, telephone facility, and insurance for self. Use of Car and telephone for the Company's business will not be considered as perquisites. All the perquisites and benefits are to be evaluated as per the Income Tax Rules, 1961.

However, the overall remuneration to Shri JS Bedi shall not exceed the limits prescribed under Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

10. To consider and, if, thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 including amendment thereto or re-enactment thereof ("Act") read with Schedule XIII to Act, Shri G Arumugam be appointed as Whole-time Director of the Company for a period of one year commencing from 12th August, 2011 on such terms and conditions including remuneration as set out below, with the authority to the Board of Directors / Managing Director to grant increments within the range stated below:

Remuneration: Remuneration of up to Rs 70 lakhs per annum.

The aforesaid remuneration is to be bifurcated by way of salary, allowances, performance pay and perquisites as per the rules and regulations of the Company for the time being in force and as determined by the Managing Director of the Company.

In addition to remuneration within the above range, Shri G Arumugam would also be entitled to the Company car with driver, telephone facility, and insurance for self. Use of Car and telephone for the Company's business will not be considered as perquisites. All the perquisites and benefits are to be evaluated as per the Income Tax Rules, 1961.

However, the overall remuneration to Shri G Arumugam shall not exceed the limits prescribed under Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

By Order of the Board of Directors

Noida
25th May, 2012

DK JAIN
Director

Registered Office :

Survey No. 16/3, 26 & 27, Ranjitnagar 389 380
Taluka Ghoghamba,
District Panchmahal, Gujarat

Notes :

- A Member entitled to attend the Meeting and vote there at is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a Member. Duly executed proxies must be registered with the Company not later than forty-eight hours before the scheduled time of the Meeting.
- The Register of Members and the Share Transfer Books of the Company will be closed from 23rd July, 2012 to 27th July, 2012 (both days inclusive).
- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as set out above is annexed hereto.
- Those Members who have not received interim dividend and / or final dividend for 2004-05 and / or 2005-06 and / or 2006-07 and / or 2007-08 and / or 2008-09 and / or 2009-10 / 2010-11 / 2011-12 declared and paid by the Company, are requested to write to our Registrar & Share Transfer Agents.



e) Details of Directors seeking appointment / re-appointment at the forthcoming annual general meeting pursuant to clause 49 of the listing agreement

| | |
|--------------------------------------|---|
| Name of Director | Shri DK Jain |
| Date of appointment on Board | 01.01.1988 |
| Date of Birth | 02.03.1929 |
| Expertise | Shri DK Jain is a graduate in History (Hons.) from St. Stephen's College, Delhi, possesses over 54 years of rich experience in business management and international trade. In recognition of his successful efforts to increase bilateral trade with Commonwealth countries, he was granted a Dignity of an Honorary Member of the Civil Division in the Order of the British Empire by Her Majesty, the Queen of England. Shri DK Jain has been a member of the Indian National Committee of the International Chamber of Commerce and has been an Associate Member of the World Economic Forum, Geneva, Switzerland and a member of the Indian delegation to the Davos symposium on several occasions in past. |
| Directorship held in other companies | <ol style="list-style-type: none"> 1. Inox India Limited 2. Inox Leasing and Finance Limited 3. Inox Chemicals Private Limited 4. Siddhomal Investments Private Limited 5. Siddhapavan Trading and Finance Private Limited 6. Devansh Trading and Finance Private Limited 7. Devansh Gases Private Limited 8. Rajni Farms Private Limited 9. Inox International Private Limited 10. Siddhomal Air Products Private Limited 11. Sitashri Trading and Finance Private Limited |
| Committee Memberships | <ol style="list-style-type: none"> 1. Gujarat Fluorochemicals Limited <ul style="list-style-type: none"> • Audit Committee • Share Transfer & Investors Grievance Committee |
| No of shares held in the Company | 20100 Shares |
| | |
| Name of Director | Shri Vivek Jain |
| Date of appointment on Board | 04.02.1987 |
| Date of Birth | 30.08.1955 |
| Expertise | Shri Vivek Jain is a graduate of commerce from St. Stephen's College, Delhi. He also has a post-graduate degree in Business Administration from Indian Institute of Management, Ahmedabad. He has over 33 years of business experience. |
| Directorship held in other companies | <ol style="list-style-type: none"> 1. Inox Air Products Limited 2. Inox India Limited 3. Inox Leisure Limited 4. Inox Leasing and Finance Limited 5. Inox Renewables Limited 6. Inox Chemicals Limited 7. Siddhomal Investments Private Limited 8. Siddhapavan Trading and Finance Private Limited 9. Devansh Trading and Finance Private Limited 10. Devansh Gases Private Limited 11. Rajni Farms Private Limited 12. Inox Infrastructure Services Private Limited 13. Inox International Limited 14. Inox DPNC Outsourcing Services Private Limited |

| | |
|--------------------------------------|--|
| | 15. Vindychal Hydro Power Limited 16. Megnasolace City Private Limited 17. Siddhomal Air Products Private Limited 18. Sitashri Trading and Finance Private Limited 19. Gujarat Fluorochemicals Singapore PTE Limited |
| Committee Memberships | 1. Gujarat Fluorochemicals Limited <ul style="list-style-type: none"> • Share Transfer and Investors Grievance Committee 2. Inox India Limited <ul style="list-style-type: none"> • Share Transfer Committee • Audit Committee 3. Inox Leasing and Finance Limited <ul style="list-style-type: none"> • Audit Committee 4. Inox Air Products Limited <ul style="list-style-type: none"> • Audit Committee • Share Transfer Committee 5. Inox Leisure Limited <ul style="list-style-type: none"> • Share Transfer and Investor Grievance Committee |
| No of shares held in the Company | 20100 Shares |
| | |
| Name of Director | Shri Shailendra Swarup |
| Date of appointment on Board | 01.01.1988 |
| Date of Birth | 20.11.1944 |
| Expertise | Shri Shailendra Swarup is a law graduate and a Senior Advocate. He is practising in the High Court and Supreme Court of India. He has over 44 years of experience in handling various legal matters. He is also on the Board of several professionally managed companies. Shri Swarup was a Member of the Task Force on Corporate Governance constituted by the Confederation of Indian Industry under the Chairmanship of Shri Rahul Bajaj. He was a member of consultative Group constituted by the Reserve Bank of India under the Chairmanship of Dr. AS Ganguly. |
| Directorship held in other companies | 1. India Thermit Corporation Limited 2. Subros Limited 3. Bengal & Assam Company Limited 4. Eros Energy Private Limited 5. Vis Legis Consult Private Limited 6. Xerox India Enterprises Private Limited 7. Kangaroo Properties Private Limited 8. Dev Valley Devcon Private Limited |
| Committee Memberships | 1. Gujarat Fluorochemicals Limited <ul style="list-style-type: none"> • Audit Committee |
| No of shares held in the Company | 10000 Shares |
| | |
| Name of Director | Shri DK Sachdeva |
| Date of appointment on Board | 29.11.1996 |
| Date of Birth | 12.12.1944 |
| Expertise | Shri DK Sachdeva is a Chemical Engineer from the Indian Institute of Technology, Kharagpur and has over 40 years of experience in the technical field of various chemical/process plants. |
| Directorship held in other companies | NIL |
| Committee Memberships | NIL |
| No of shares held in the Company | 0 |



| | |
|--------------------------------------|--|
| Name of Director | Shri JS Bedi |
| Date of appointment on Board | 31.10.2006 |
| Date of Birth | 13.08.1953 |
| Expertise | Shri JS Bedi is a Chemical Engineer and has over 34 years of experience in the technical field of various chemical/ process plants. |
| Directorship held in other companies | NIL |
| Committee Memberships | NIL |
| No of shares held in the Company | 0 |
| | |
| Name of Director | Shri G Arumugam |
| Date of appointment on Board | 12.08.2011 |
| Date of Birth | 31.01.1959 |
| Expertise | Shri Ganesan Arumugam is a Chemical Engineer and has over 31 years of experience in large chemical process industries and atomic energy in various capacities. |
| Directorship held in other companies | NIL |
| Committee Memberships | NIL |
| No of shares held in the Company | 0 |

- f) The Ministry of Corporate Affairs (MCA) has issued Circulars No. 17/2011 dated 21.04.2011 and No. 18/2011 dated 29.04.2011, propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). With a view to lend a strong support to this environment friendly initiative of the Government of India, Annual Reports for Financial Year 2012 of your Company has been sent via Electronic Mode (E-mail) to the Members whose E-mail ID was made available to us by the Depositories Participants. We are sure that the Members would also like to support this excellent initiative of the Government of India. We request the Members to register / update their e-mail address with their Depository Participant, in case they have not already registered / updated the same.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

At the twentieth Annual General Meeting of the Company held on 29th September, 2007, the Members had approved re-appointment of Shri Vivek Jain as a Managing Director of the Company for a period of five years from 01st January, 2008 to 31st December, 2012 on the terms and conditions mentioned in the resolution passed at the said Annual General Meeting including, inter-alia, payment of Commission equivalent to four percent of the net profits of the Company per annum, or pro-rata for part of the year. Honouring the desire expressed by Shri Vivek Jain at the Board Meeting held on 12th August, 2011, it is proposed that the Commission payable to Shri Vivek Jain for the period commencing from 01st April, 2011 till 31st December, 2012 be four percent of the net profits of the Company per annum or pro-rata for the part of the year subject to a maximum limit of Rs 5 crores per annum or pro-rata for part of the year.

The Directors commend that the proposed Resolution be approved.

None of the Directors of the Company is concerned or interested in the proposed Resolution except Shri Vivek Jain for himself and Shri DK Jain and Shri PK Jain, being relatives of Shri Vivek Jain, to the extent of the downward revision of remuneration payable to him as a Managing Director of the Company.

Item No. 7

At Twentieth Annual General Meeting held on 29th September, 2007, the Members had approved re-appointment of Shri Vivek Jain as a Managing Director of the Company for a period from 01st January, 2008 to 31st December, 2012. Having regard to the performance of the Company, it is considered desirable that the Company should continue to avail his services as the Managing Director of the Company, on the terms as contained in the resolution.